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October 11, 2007

TO: PARTIES OF RECORD

RE: Case No. 2007-00410
Louisville Gas and Electric Company

Enclosed please find a memorandum that has been filed in the record of the above-referenced case. Any comments regarding the content of this memorandum should be submitted to the Commission within five days of receipt of this letter. Questions regarding this memorandum should be directed to Richard Raff at 502/564-3940, Extension 263.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell
Executive Director

vh/
Enclosure

Lonnie E. Bellar
E.ON U.S. Services, Inc.
220 West Main Street
Louisville, KY 40202

Honorable Dennis G. Howard II
Assistant Attorney General
Office of the Attorney General
Utility & Rate Intervention Division
1024 Capital Center Drive
Suite 200
Frankfort, KY 40601-8204

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E.ON U.S. Services, Inc.
220 West Main Street
Louisville, KY 40202

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: File

FROM: Chris Whelan, Team Leader

DATE: October 10, 2007

RE: Case No. 2007-00410 – Revised Collection Cycle for Payment of Bills

On October 9, 2007, Commission Staff held an informal conference (“IC”) with Louisville Gas and Electric Company (“LG&E”) and the Attorney General (“AG”). The purpose of the conference was to discuss LG&E’s application to reduce the bill payment due date from 15 days to 10 days from the date of rendition. LG&E requested the conference and Staff issued notice of the IC on September 25, 2007.

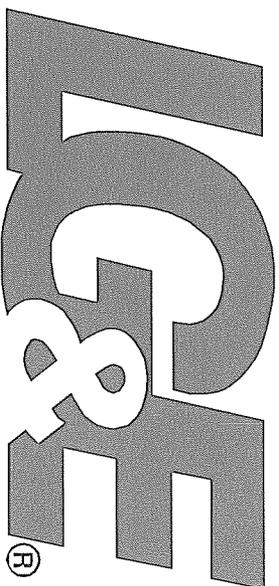
LG&E began the conference with a brief overview of its proposal and distributed handouts (attached for the Main Case File only). LG&E stated that the current customer information systems for Kentucky Utilities (“KU”) and LG&E are old and operated as two separate systems, each with a different collection cycle. LG&E stated that, at present, there are approximately 30,000 customers, referred to as “overlap customers”, who receive electric service from KU and natural gas service from LG&E.

LG&E explained that it expects to implement a new customer information system for the combined companies in the first quarter of 2009 and wishes to synchronize LG&E’s collection cycle with KU’s. LG&E is requesting that the proposed tariff be effective with the implementation of the new system.

Commission Staff stated its desire that customers be given notice at this time of the proposed revised collection cycle through a direct mailing. LG&E stated that it intended to give customers notice prior to implementing the change in 2009 but did not believe notice was required at this time. After further discussion, LG&E agreed to give notice at this time and prior to implementation, if approved. It was decided that LG&E would draft language regarding the revised collection cycle for inclusion on its customer bills. A telephone conference was scheduled for October 15, 2007 at 10:00 a.m. to discuss the proposed bill language.

cc: Parties of Record

Attachments: Sign-In Sheet
 LG&E Handout (Main Case File only)



an *e-ON* company

**Informal Conference:
Case No. 2007-00410 Application for
Revised Collection Cycle for Payment
of Bills**

October 9, 2007

Background

Company is presently designing a new customer care system (CCS)

Expected Outcomes of CCS

- Single customer information and billing system
- Review/harmonization of business processes
- Further harmonization of tariffs

Key Dates

- Complete Blueprint phase: third quarter '07
- Complete Design phase: first quarter '08
- Complete Build phase: third quarter '08
- Implementation: first quarter '09



an  company



Foundation for request

During Blueprint phase reviewed over 150 business processes

Compared "As Is" processes to "To Be" processes

Objectives of "To Be" process

- Customer Service
- System Capabilities
- Operational Efficiency
- Tariff Impact

Rationale for selecting KU's 10 day collection cycle

Avoids unnecessary customer confusion

- Allows completion of entire collection cycle before customer receives next bill while complying with PSC regulations that no account should be disconnected prior to 27 days from bill date.

Improves our Customer Service Representatives ability to respond to questions

Harmonizes the collection process of both companies

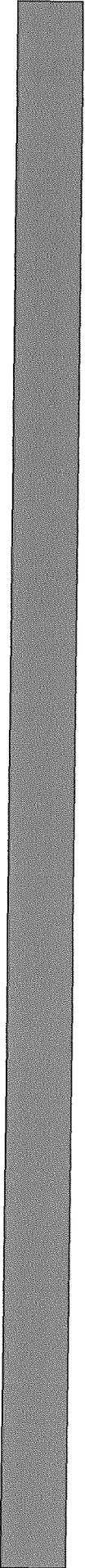
Significance of Key Dates in Application

Commission approval by November 21, 2007

- Still in Design phase of project—able to make changes
- Changes made after Design phase impacts price and schedule

New collection cycle effective upon implementation of new CCS

- Avoids programming cost of existing CIS system
- Relatively short timeframe before new CCS is implemented



Questions